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99TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
99-641

ORIGINAL

AMENDING THE CARL D. PERKINS VOCATIONAL EDUCATION ACT WITH RESPECT TO STATE ALLOTMENTS UNDER THE ACT

JUNE 16, 1986.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HAWKINS, from the Committee on Education and Labor, submitted the following

REPORT

[To accompany H.R. 4841]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and Labor to whom was referred the bill (H.R. 4841) to amend the Carl D. Perkins Vocational Education Act with respect to State allotments under the act, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

SUMMARY

H.R. 4841 makes a technical amendment to the Carl D. Perkins Vocational Education Act to rectify a problem that has arisen with the allocation of funds under this program, particularly funds for the Consumer and Homemaking Education program authorized by Title III-B of this Act.

The 4.3% cut in vocational education funding for fiscal year 1986, effective March 1 pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (the so-called "Gramm-Rudman" act) produced an unforeseen effect on the distribution formula for those funds. The Gramm-Rudman cut triggered certain hold harmless provisions contained in the Perkins Act and in the FY 1986 Appropriations Act. These hold harmless provisions, interacting with the small State minimum allotment requirement in the Act, will produce extreme fluctations in the amounts that States will receive as of July 1, 1986 for consumer and homemaking education. Unless this technical amendment is adopted, some States'

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allocations will increase twenty-fold, while others will decline by two-thirds.

H.R. 4841 retains the existing allocation formula but revises the manner in which the hold harmless provisions and the small State minimum provisions are applied to the various line item authorizations under the Act. The result is that in FY 1986, no State will gain at the expense of others in a year when the total appropriations is lower due to Gramm-Rudman, and every State will lose an equal proportion.

Legislative Consideration

H.R. 4841 was introduced on May 15, 1986 by Congressman Perkins and Congressman Goodling. Prior to its introduction, the Members of the subcommittee on Elementary, Secondary, and Vocational Education had discussed the allocation problem at a meeting on May 13 and concurred that legislative action should be taken.

The bill was considered in a meeting of the Committee on Education and Labor on June 11 and ordered reported by unanimous voice vote.

Explanation of the Bill and Need for the Legislation

H.R. 4841 responds to a problem that has recently arisen relating to the formula for distribution of funds under the Carl D. Perkins Vocational Education Act. This Act, passed in 1984, reauthorized Federal support for vocational education at the secondary, postsecondary, and adult levels. Funds under the Act are distributed to States on a formula basis; the State boards of vocational education administer the program.

Recently the Department of Education released a table showing each State's projected allocations for FY 1986, to become available on July 1, 1986. (Because the Perkins Act programs are forward-funded, the amounts appropriated in the FY 1986 appropriations bill are made available for allotment to the States in July, 1986, for use in school year 1986-87.) This Departmental table, a computer run of the current formula, showed some very unusual distributions of funds among States in the Consumer and Homemaking Education program. Tremendous shifts in the consumer and homemaking allotments were projected, with some small States receiving increases of over 1000% and some other States losing as much as two-thirds of their homemaking funds. (See Table 2 at the end of this section, column 2.)

Upon learning of this problem, the Committee conducted a thorough investigation of the situation, consulting with the Department, the Library of Congress, the State directors of vocational education, and the consumer and homemaking education community. The Committee learned that the peculiar distributions are a result of the interaction of several factors: (1) the Gramm-Rudman March 1 cut; (2) a FY 1984 hold harmless on the total State grant contained in the Perkins Act formula; (3) a small State minimum provision in the Perkins Act; and (4) a hold-harmless at the FY 1985 level for basic grants only, added by P.L. 99-178, the Labor, HHS, education FY 1986 appropriations act.

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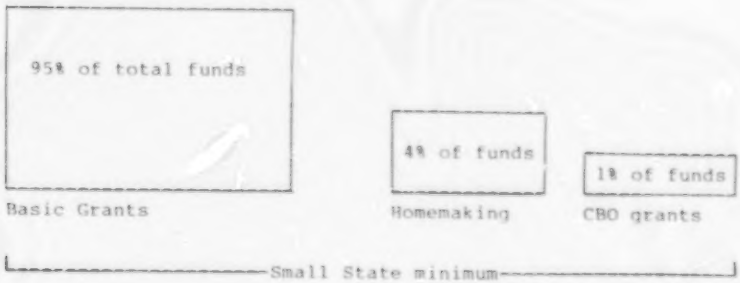
To understand how these factors interact, it is important to know that the Perkins Act contains several separate vocational education State grant programs, each with its own separate authorization. These authorizations include three programs that are currently funded—Title II basic grants, Consumer and Homemaking Education, and the Community-Based Organizations (CBO) program—as well as three new authorizations that have not been funded in the appropriations acts—Adult Training and Retraining, Career Guidance and Counseling, and High Technology Training.

For FY 1986, States are slated to receive three pots of money for the three separately-appropriated programs of Basic Grants, Consumer and Homemaking Grants, and CBO Grants. (CBO Grants were funded for the first time in FY 1986). The appropriation for basic grants is by far the largest, $744 million out of a total of $781 million for all the State programs. Consumer and Homemaking funds amount to $30 million and CBO Grants total $7 million.

This funding situation is depicted in the following diagram:



The 1984 Act revised the small State minimum requirement in the vocational education formula. As shown above, the Perkins Act ensures that each small State will receive one-half of one percent of *the sum of the three pots.*

When the Gramm-Rudman cut took effect, it triggered the appropriations bill provision that held each State's basic grant harmless at the FY 1985 level; thus, 95% of the funds (the basic grant pot) was not subject to adjustment to meet the small State minimum provision. Consequently, all the increased funds that small States were supposed to receive due to the new small State minimum requirement had to be found in the other two pots, because there was nowhere else to find them. Because these two pots together constitute only 5% of the total appropriations, the adjustments made to meet the minimum for certain small States resulted in some pronounced shifts, with other States losing substantially.

The Committee believes it would not be resonsible or cost-effective to allow the funds to flow in the manner the Department has projected. First, the drastic cuts in most States' consumer and homemaking education programs would mean abrupt elimination of many fine programs and wholesale layoffs of teachers and other homemaking education staff. Second, it is unfair in principle for a few States to gain astronomically, at the expense of the other

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States, when the total appropriation is decreasing. Third, it is highly questionable whether the States slated for large increases could spend those funds wisely within the required time frame, particularly when they had not planned on the increases and when such a windfall would likely evaporate with next year's appropriation.

In reporting H.R. 4841, the Committee expressed its desire to quickly rectify this problem, in view of the looming July 1 date for allocating the funds. The bill we have reported would not change the basic vocational education formula, which has worked well for several years. However, H.R. 4841 would ensure that no State would gain as long as the appropriations for State basic grants and consumer and homemaking fall below the FY 1985 level, nor would any State receive a deeper cut in FY 1986 than the overall Gramm-Rudman cut in these two programs.

The bill would accomplish this in two ways. First, it would place separate hold harmless provisions on the basic grants and on the consumer and homemaking funds. These provisions would hold harmless at the FY 1985 level each State's payment under each program. If the amount appropriated is insufficient to satisfy these hold harmless provisions, payments to all States shall be ratably reduced. The CBO program is not affected, since there was no appropriation for this program for FY 1985.

Second, H.R. 4841 would provide that the small State minimum amount of one-half of one percent would be applied and calculated separately for each of the three pots of money for the funded programs. Similarly, the small State minimum would be applied and calculated separately for any appropriations made in the future for the other, unfunded Title III programs. Additional amounts needed to bring small States up to the minimum would take effect only in years when the appropriations exceeded the hold harmless levels. It is the intent of the Committee that the ratable reductions necessary to comply with the provision in section 101(a)(3)(B)(i) of the Perkins Act, as amended by the bill, would be made from within the amounts paid to the State for each program. For purposes of H.R. 4841, Title II Basic Grants shall be considered as a single program in the distribution process; the Committee does not intend for States to receive separate allotments for Part A and Part B of Title II.

The solution presented in H.R. 4841 would not be inequitable to the small States, inasmuch as it would lock in the increases already received by those States in FY 1985, the first operative year of the Perkins Act small State minimum requirement. The appropriations for FY 1985 included a $100 million supplemental, of which approximately $12.5 million went to the small States, a proportion much greater than their proportion of the total population.

The following three tables show the effect of H.R. 4841 by comparing the amount each State received for FY 1985 for each funded program, the amount it would receive for FY 1986 under the Department's projections of the current formula, and the amount it would receive for FY 1986 under the provisions of H.R. 4841. Table 1 shows the Basic Grant comparisons, Table 2 Consumer and Homemaking Education, and Table 3 Community-Based Organization grants:

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TABLE 1.—FUNDING COMPARISONS FOR BASIC GRANTS

State	Basic grants actual 1985	Basic grants current law 1986	Basic grants H.R. 3651 1986
Alabama	$15,524,100	$14,651,970	$14,851,970
Alaska	1,566,045	1,498,242	1,498,242
Arizona	9,957,410	9,526,295	9,526,295
Arkansas	8,685,828	8,309,767	8,309,767
California	68,148,445	65,197,898	65,197,898
Colorado	9,157,511	8,761,028	8,761,028
Connecticut	8,224,182	7,868,109	7,868,109
Delaware	2,681,902	2,565,787	2,565,787
Florida	31,281,745	29,926,896	29,926,896
Georgia	21,594,799	20,659,833	20,659,833
Hawaii	3,919,030	3,749,352	3,749,352
Idaho	3,900,781	3,731,893	3,731,893
Illinois	34,165,473	32,686,201	32,686,201
Indiana	19,776,740	18,920,488	18,920,488
Iowa	9,671,340	9,252,611	9,252,611
Kansas	7,207,274	6,895,229	6,895,229
Kentucky	14,427,487	13,802,836	13,802,836
Louisiana	16,548,186	15,831,718	15,831,718
Maine	4,358,578	4,169,869	4,169,869
Maryland	13,039,370	12,474,819	12,474,819
Massachusetts	17,323,922	16,573,867	16,573,867
Michigan	31,283,487	29,929,041	29,929,041
Minnesota	13,437,730	12,855,932	12,855,932
Mississippi	10,346,383	9,898,427	9,898,427
Missouri	16,877,397	16,146,675	16,146,675
Montana	3,926,509	3,756,507	3,756,507
Nebraska	5,165,239	4,941,605	4,941,605
Nevada	3,312,615	3,169,192	3,169,192
New Hampshire	3,913,311	3,743,881	3,743,881
New Jersey	19,375,473	18,536,595	18,536,595
New Mexico	5,391,166	5,157,751	5,157,751
New York	51,361,536	49,137,793	49,137,793
North Carolina	23,593,023	22,571,542	22,571,542
North Dakota	3,226,555	3,086,858	3,086,858
Ohio	36,354,152	34,780,167	34,780,167
Oklahoma	10,577,484	10,071,687	10,071,687
Oregon	8,657,466	8,282,633	8,282,633
Pennsylvania	38,530,487	36,881,409	36,881,409
Rhode Island	3,910,600	3,741,287	3,741,287
South Carolina	13,292,731	12,717,210	12,717,210
South Dakota	3,507,697	3,355,878	3,355,878
Tennessee	17,849,772	17,076,950	17,076,950
Texas	49,607,656	47,455,065	47,455,065
Utah	6,066,049	5,803,414	5,803,414
Vermont	2,778,915	2,658,599	2,658,599
Virginia	18,124,387	17,339,676	17,339,676
Washington	12,745,170	12,193,357	12,193,357
West Virginia	7,270,729	6,955,928	6,955,928
Wisconsin	16,388,997	15,641,153	15,641,153
Wyoming	1,847,900	1,767,894	1,767,894
District of Columbia	2,518,051	2,405,703	2,405,703
Puerto Rico	13,592,616	13,004,112	13,004,112
American Samoa	191,167	182,890	182,890
Guam	465,528	445,373	445,373
Northern Mariana Islands	191,167	182,890	182,890
Trust Territory	477,471	456,798	456,798
Virgin Islands	396,224	379,069	379,069
United States	777,633,429	743,965,099	743,965,099

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TABLE 2.—FUNDING COMPARISONS FOR CONSUMER AND HOMEMAKING EDUCATION [C&HE]

State	C&HE actual 1985	C&HE current law 1986	C&HE H.R. 4841 1986
Alabama	$643,814	$464,981	$616,134
Alaska	47,511	745,361	45,468
Arizona	399,045	504,736	381,889
Arkansas	359,767	276,386	344,300
California	2,792,030	2,990,225	2,671,992
Colorado	376,613	362,319	360,421
Connecticut	341,284	227,887	326,611
Delaware	81,364	1,084,216	77,866
Florida	1,270,328	1,372,330	1,215,713
Georgia	889,791	864,593	851,536
Hawaii	127,302	127,498	121,820
Idaho	145,551	141,610	139,293
Illinois	1,396,269	851,444	1,336,239
Indiana	815,019	338,298	779,979
Iowa	393,423	194,466	376,520
Kansas	299,844	198,400	286,953
Kentucky	600,057	404,169	574,259
Louisiana	663,360	746,760	634,840
Maine	182,533	114,445	174,685
Maryland	542,940	206,709	519,597
Massachusetts	747,197	277,658	715,073
Michigan	1,275,142	465,798	1,220,320
Minnesota	563,529	97,564	539,301
Mississippi	426,025	317,230	407,709
Missouri	714,768	245,114	684,038
Montana	119,823	121,714	114,671
Nebraska	216,830	145,376	207,508
Nevada	100,499	586,462	96,178
New Hampshire	133,021	131,920	127,302
New Jersey	823,796	395,836	788,378
New Mexico	220,848	257,951	211,353
New York	2,129,936	876,384	2,038,363
North Carolina	980,668	799,984	938,506
North Dakota	97,888	663,015	93,679
Ohio	1,496,734	555,922	1,432,385
Oklahoma	410,919	467,024	393,252
Oregon	352,678	172,115	337,515
Pennsylvania	1,592,370	822,183	1,523,909
Rhode Island	135,732	134,017	129,896
South Carolina	545,554	418,133	523,056
South Dakota	106,418	445,597	101,843
Tennessee	744,218	540,095	712,222
Texas	1,970,210	3,157,346	1,885,505
Utah	245,026	345,844	234,492
Vermont	84,308	1,004,192	80,683
Virginia	768,080	624,991	735,058
Washington	526,663	630,948	504,070
West Virginia	360,550	122,866	287,628
Wisconsin	679,476	215,422	650,263
Wyoming	56,062	879,510	53,652
District of Columbia	76,272	1,196,565	72,993
Puerto Rico	550,974	798,132	527,286
American Samoa	8,833	13,830	8,453
Guam	18,886	27,089	18,074
Northern Mariana Island	8,833	13,830	8,453
Trust Territory	19,327	29,078	18,496
Virgin Islands	16,050	23,831	15,360
United States	31,633,000	30,273,000	30,273,000

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TABLE 3.—FUNDING COMPARISONS FOR COMMUNITY-BASED ORGANIZATION GRANTS (CBO GRANTS)

State	CBO current law	1986 CBO H.R. 4841
Alabama	$110,251	$140,986
Alaska	176,732	35,890
Arizona	119,677	92,765
Arkansas	65,534	79,066
California	709,009	629,637
Colorado	85,909	84,162
Connecticut	54,034	74,481
Delaware	257,077	35,890
Florida	325,392	289,011
Georgia	205,003	198,581
Hawaii	30,231	35,890
Idaho	33,577	35,890
Illinois	201,885	308,339
Indiana	80,214	176,735
Iowa	46,110	86,756
Kansas	47,042	65,257
Kentucky	95,832	130,711
Louisiana	177,063	153,125
Maine	27,136	39,401
Maryland	49,012	116,342
Massachusetts	65,835	151,644
Michigan	110,445	278,782
Minnesota	23,133	118,591
Mississippi	75,218	94,046
Missouri	58,119	150,332
Montana	28,859	35,890
Nebraska	34,707	46,815
Nevada	141,426	35,890
New Hampshire	31,279	35,890
New Jersey	93,856	173,877
New Mexico	61,162	50,052
New York	207,299	458,968
North Carolina	189,683	215,321
North Dakota	157,207	35,890
Ohio	131,814	324,134
Oklahoma	110,735	97,323
Oregon	40,810	77,639
Pennsylvania	194,947	346,347
Rhode Island	31,777	35,890
South Carolina	106,225	121,286
South Dakota	105,655	35,890
Tennessee	128,061	162,169
Texas	748,635	469,378
Utah	82,003	56,946
Vermont	239,283	35,890
Virginia	148,191	165,530
Washington	149,603	118,566
West Virginia	26,761	64,845
Wisconsin	51,078	145,377
Wyoming	208,540	35,890
District of Columbia	283,716	35,890
Puerto Rico	189,244	127,865
American Samoa	3,279	8,657
Guam	6,423	8,487
Northern Mariana Islands	3,279	8,657
Trust Territory	6,895	4,617
Virgin Islands	5,256	3,824
United States	7,178,000	7,178,000

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The Committee notes that the insular areas will receive relatively small allocations for some of the Title III programs under the Perkins Act; however, Title V of P.L. 95-134 permits the insular areas to consolidate the grants they receive under certain programs into a lump sum, to be used for any of the purposes of the authorizing statutes, and the Committee encourages the territories to examine this option.

The Committee directs the Department of Education to give full consideration to the status of this legislation and to refrain from prematurely making any FY 1986 State allocations.

OVERSIGHT

No findings or recommendations concerning oversight of the programs amended in this bill have been received by the Committee from the Committee on Government Operations. The technical amendment in H.R. 4841 is based upon findings from the Committee's ongoing oversight of existing programs.

COST ESTIMATE AND INFLATIONARY IMPACT

The Congressional Budget Office has estimated that there will be no additional costs involved in implementing this legislation. The Committee concurs in these estimates and adopts them in compliance with Clause 7 of Rule XIII. No cost estimate has been received from any other Federal department or agency.

The CBO letter follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 13, 1986.

Hon. AUGUSTUS F. HAWKINS,
Chairman, Committee on Education and Labor, House of Representatives, Washington, DC

DEAR MR. CHAIRMAN: The Congressional Budget Office has examined the federal cost impact of H.R. 4841, an amendment to the Carl D. Perkins Vocational Education Act, as ordered reported by the House Committee on Education and Labor on June 11, 1986. This bill would alter the distribution of federal grant funding between states. Under current law, large shifts in allocations to states would take place on July 1, 1986, resulting from the combined effects of the Balanced Budget Act, the triggering of a minimum state grant requirement in the Perkins Act, and a provision in the 1986 appropriations act. There would be no change in total federal funding as a result of passage of this bill.

Because the bill would reallocate federal funds, the budgets of individual state and local governments would be affected by its passage. However, the reallocation would prevent substantial changes from the current distribution from becoming effective on July 1.

Please call me if you have any questions or have your staff contact Ken Pott.

With best wishes,

Sincerely,

RUDOLPH G. PENNER.

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The Committee finds that since the bill involves no additional costs, it has no inflationary impact.

SECTION-BY-SECTION ANALYSIS

The bill contains one section which amends Section 101(a)(3) of the Carl D. Perkins Act, dealing with State allotments, to correct a technical problem.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, as shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman:)

SECTION 101 OF THE CARL D. PERKINS VOCATIONAL EDUCATION ACT

ALLOTMENT

SEC. 101. (a)(1) * * *

* * * * * * *

[(3)(A) No State shall receive in any fiscal year less than the total amount of payments made to the State under allotments determined under the Vocational Education Act of 1963 for fiscal year 1984. Any amounts necessary for increasing the sum of the allotments of certain States to comply with the preceding sentence shall be obtained by ratably reducing the sums of the allotments of the other States, but no such sum shall be thereby reduced to an amount which is less than the total amount of payments made to the State under allotments determined under that Act for fiscal year 1984.

[(B) In any fiscal year in which the amounts appropriated and available for allotments under this section exceeds the amounts so available for fiscal year 1984, and subject to the application of subparagraph (A), no State shall receive less than one-half of one percent of the amount available under this subsection for each such fiscal year except that in the case of the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands the minumum allotment shall be $200,000.

[(C) No State shall, by reason of the application of the provisions of subparagraph (B) of this paragraph, be allotted more than 150 percent of the allotment of that State in the fiscal year preceding the fiscal year for which the determination is made.]

(3)(A)(i) Notwithstanding any other provision of law and subject to clause (ii), for any fiscal year for programs authorized by title II or part B of title III of this Act, no State shall receive less than the payments made to the State for each such program for fiscal year 1985 under Public Laws 98-619 and 99-88. Amounts necessary for increasing such payments to States to comply with the preceding sentence shall be obtained by ratably reducing the amounts to be paid to other States, but no such amount shall be reduced to an

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amount which is less than the amount a State received under the Act for each such program for fiscal year 1985.

(ii) If for any fiscal year the amount appropriated for programs authorized by title II or part B of title III and available for allotment under this section is insufficient to satisfy the provision of clause (i), the payments to all States for each such program shall be ratably reduced as necessary.

(B)(i) Notwithstanding any other provision of law and subject to subparagraph (A) and clause (ii), for any fiscal year for which the amounts appropriated for programs authorized by title II or part A, B, C, D, or E of title III (and available for allotment under this section) exceed the amounts so available for fiscal year 1985, no State shall receive less than one-half of one percent of the amount available for each such program for that fiscal year under this subsection. Amounts necessary for increasing such payments to States to comply with the preceding sentence shall be obtained by ratably reducing the amounts to be paid to other States.

(ii) Due to the application of the provisions of clause (i), of any fiscal year, no State shall receive more than 150 percent of the payments made to the State for each program authorized by title II, or part A, B, C, D, or E of title III for the preceding fiscal year.

(C) In the case of the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands, the minimum allotment for all programs under the Act shall be $200,000.

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